

GASCOYNE RESOURCES LIMITED



ANNUAL REPORT 2011

CORPORATE DIRECTORY

Directors

Graham Riley

Non-Executive Chairman

Michael Dunbar

Managing Director

John den Dryver

Non-Executive Director

Gordon Dunbar

Non-Executive Director

Mike Joyce

Non-Executive Director

Stan Macdonald

Non-Executive Director

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Stock Exchange

The Company Securities are quoted on the

Australian Stock Exchange Limited

CODE: GCY

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CHAIRMAN'S REVIEW

Dear Fellow Shareholder,

During the year we have seen significant progress on the Company's exploration projects as well as major changes to the Board and management.

The Company has made large steps towards the potential development of the Glenburgh project. The Inferred resource at Glenburgh has been increased to 520,000 ounces of contained gold up from 203,000 ounces last year. Additionally significant progress has been made on the metallurgical assessment of the project with test work showing recoveries of approximately 95% can be achieved from a "standard" gold processing plant. On the back of these achievements, the Company is undertaking a scoping study to assess the potential scale and layout of the project.

In addition to activities at Glenburgh, initial drilling at the Bassit Bore project has been completed, as well as steady progress on the Mt James and Bustler Well tenements.

A number of tenement applications have been made in the Murchison, Pilbara, Higginsville and Mullewa regions of Western Australia. While the Gascoyne remains the focus for the Company, these new projects have the potential to add significantly to the Company's future, while also providing some geographical diversification of our gold and base metal assets within Australia. Additionally, a number of potential projects have been assessed to see if they fit into the Company's growth strategies.

I would like to draw your attention to the Review of Operations which discusses our Mineral assets in detail and encourage you to visit our website at www.gascoyneresources.com.au for the latest information regarding our activities.

The Company looks forward to the coming year's exploration programs as we work towards a potential development decision at Glenburgh and I look forward to your attendance at the forthcoming Annual General Meeting.

On behalf of all shareholders I would like to thank Mike Dunbar and his exploration team for their efforts in what has been a highly productive and successful year for Gascoyne. The input of Gordon Dunbar, who stepped aside as Managing Director during the year, is also gratefully acknowledged.

Yours faithfully



Graham Riley
Chairman

REVIEW OF OPERATIONS

Gascoyne Resources Limited ("Gascoyne Resources" or "the Company") is a mineral exploration company using leading edge exploration methodologies and techniques under the guidance of an experienced Board and Management team to create shareholder wealth from its mineral assets, all of which are 100% owned, as well as examining new opportunities to add to the value proposition for our shareholders. The immediate priority remains on building on the gold resources at the Glenburgh Project using drilling to delineate meaningful extensions to the known deposits as well as carefully planned and executed exploration programs to delineate new gold deposits and hence add to the resource base.

During the year a number of targeted drilling programs have been completed and have provided a very significant increase in the Inferred resource base at the Glenburgh project, to a total of 520,000 ounces of contained gold (up from 203,000 ounces last year).

The Company holds exploration licenses and applications totaling 1,350km² in the Gascoyne Province of Western Australia (see Figure 1). Exploration activities have been undertaken at all of the exploration projects to define target areas and in the case of the Bassit Bore project drill testing of targets identified from previous soil sampling programs has been completed.

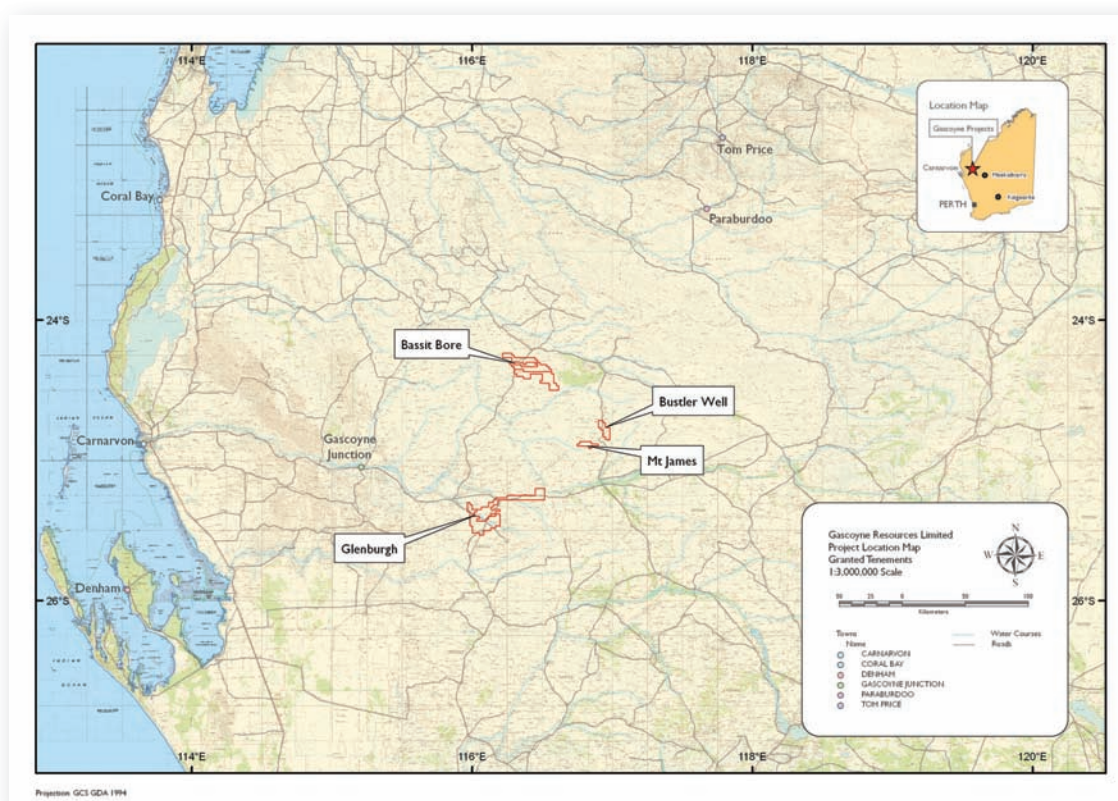


Figure 1: Gascoyne Resources, Gascoyne Province Tenement Locations

Review Of Operations (cont'd)

GLENBURGH GOLD PROJECT – WESTERN AUSTRALIA

Gascoyne Resources Limited 100%

EL 09/1325, 09/1764, ELA 09/1865, 1866, PLA09/471-474

Project Summary

800km² tenement area located in the Southern Gascoyne region of WA

Inferred JORC Resource of 13.8Mt @ 1.2 g/t for 520,000oz Au – (August 2011)

Project Background

The Glenburgh gold project is situated in the Southern Gascoyne Province of WA ~ 250km east of Carnarvon. The project consists of a gold mineralised shear system hosted in interpreted remnants of Archaean terrain in a Proterozoic mobile belt. Glenburgh was a grass roots discovery by Helix Resources Ltd from regional stream sampling in the 1990's. It has now progressed to be considered a Pre-Development project.

Resources

The Inferred mineral resource for the project stands at 13.8Mt @ 1.2 g/t Au for 520,000 ounces. This resource includes drilling conducted by Gascoyne Resources up to 30 June 2011; however it excludes the recent gold discovery at the Torino prospect and recent exploration drilling in the South West Target area reported to the ASX in August 2011. The current phase of extensional RC drilling being undertaken at the known Glenburgh deposits is also excluded from the latest resource. This new data will be incorporated in an updated resource in late 2011.

See Figure 2 for the deposit locations and target overview.

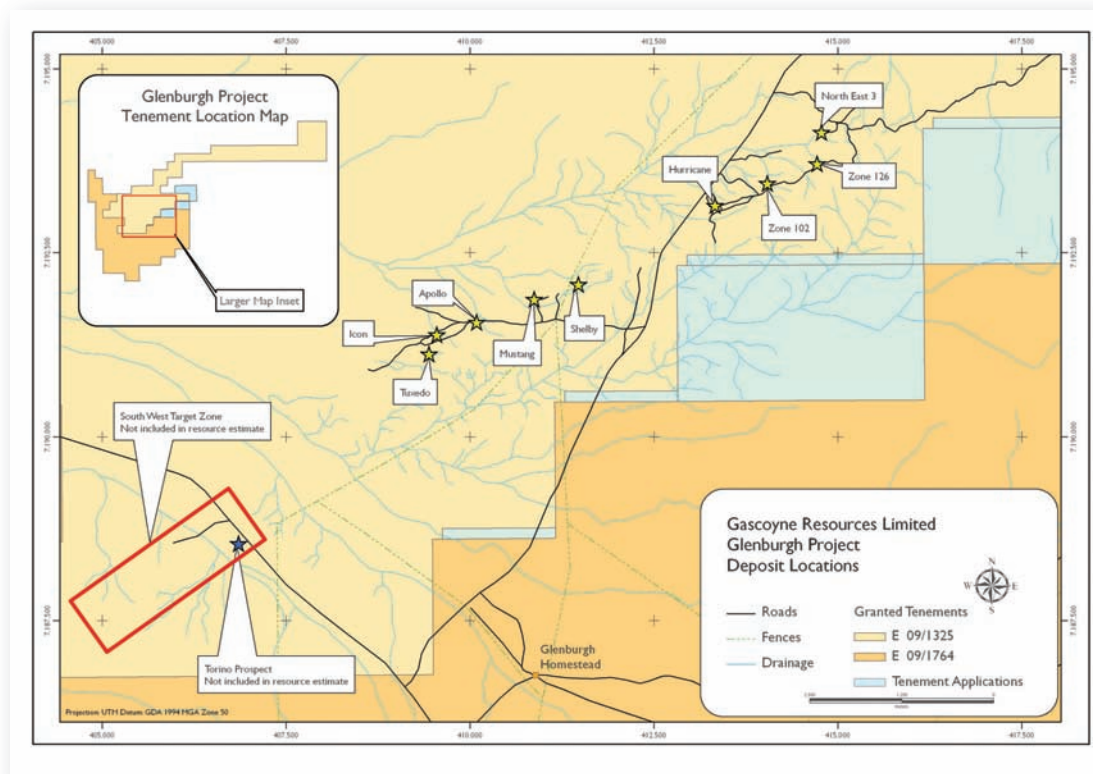


Figure 2: Glenburgh Project, Deposit Locations and Target Overview

RESOURCE STATEMENT

Glenburgh Project
August 2011 Resource Estimate >0.5 g/t Au Cutoff

Area	Inferred Resource			Total Resource		
	Tonnes T	Cut Au g/t	Au Ounces	Tonnes T	Au g/t	Au Ounces
Icon	5,990,000	1.0	200,000	5,990,000	1.0	200,000
Apollo	2,170,000	1.6	110,000	2,170,000	1.6	110,000
Mustang	1,120,000	0.9	34,000	1,120,000	0.9	34,000
Shelby	1,000,000	0.9	29,000	1,000,000	0.9	29,000
Hurricane	480,000	1.1	17,000	480,000	1.1	17,000
Zone 102	1,020,000	1.5	51,000	1,020,000	1.5	51,000
Zone 126	590,000	1.8	34,000	590,000	1.8	34,000
NE3	420,000	1.0	13,000	420,000	1.0	13,000
Tuxedo	980,000	1.0	32,000	980,000	1.0	32,000
Total	13,800,000	1.2	520,000	13,800,000	1.2	520,000

Note: Discrepancies in totals are as a result of rounding.

A scoping study has commenced into the technical and economic feasibility of the Glenburgh gold project under current economic conditions. The study is expected to be completed in October 2011. If the study suggests the project is viable based on the current resource, it is expected that a definitive feasibility study will be commissioned shortly thereafter, with the ultimate target of production in late 2013 or early 2014.

Exploration Update

During the year a total of 400 drill holes were completed at Glenburgh for approximately 16,000 metres of drilling. This has been a substantial commitment by the Company and as a result, the resource has grown by over 150% (or 320,000 ounces), and a number of exciting new regional exploration targets have been identified.

The commitment to continue to aggressively explore and test new targets remains, with a further 365 drill holes planned for the first half of the 2011 – 2012 year.

This exploration effort has paid off for the Company, with not only a significant increase in resources, but also the discovery of the new Torino prospect and two parallel mineralised trends that extend for over 3,000m in the South West Target Area (see Figure 7). As discussed neither of these discoveries have been incorporated into the current resource.

ICON DEPOSIT

Drilling has extended the Icon deposit a further 150m to the east. New drill holes completed in the year include VRC456 which returned 21m @ 1.1 g/t gold and VRC467 which returned 19m @ 1.0 g/t gold. The deposit still remains open to the east and additional drilling will be undertaken here in the first half of the 2011 – 2012 financial year. Figure 3 shows a cross section through the deposit. As the Icon deposit is the largest resource at the Glenburgh project, any additional resources discovered are expected to have a significant impact on the potential viability of the project.

Review Of Operations (cont'd)

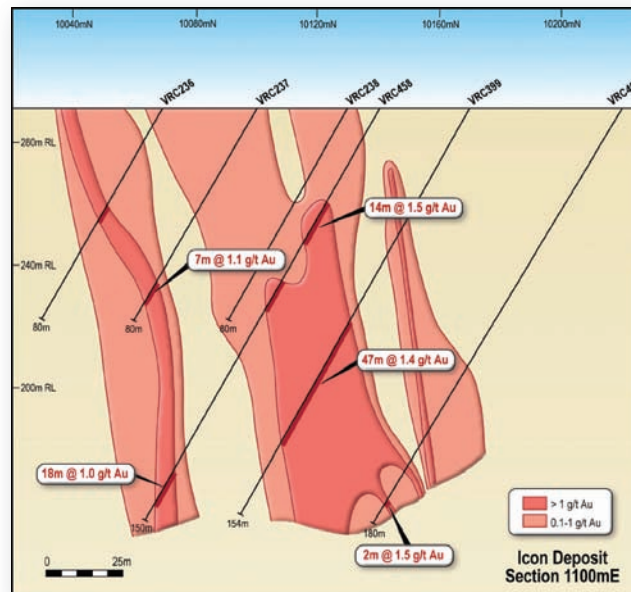


Figure 3: Cross Section through the Icon Deposit (11000mE)

APOLLO DEPOSIT

Very little additional drilling has been undertaken at the Apollo deposit during the last 12 years, however Apollo remains open at depth, and along strike to the east and west (see Figure 4). Shallow Air core drilling to the east of the deposit intersected up to 12m @ 1.0 g/t from 16 metres in GLAC010. This highlights the potential for discovering shallow mineralisation in the area between the Apollo and Mustang deposits. Additional RC drilling is planned to evaluate the potential of the area.

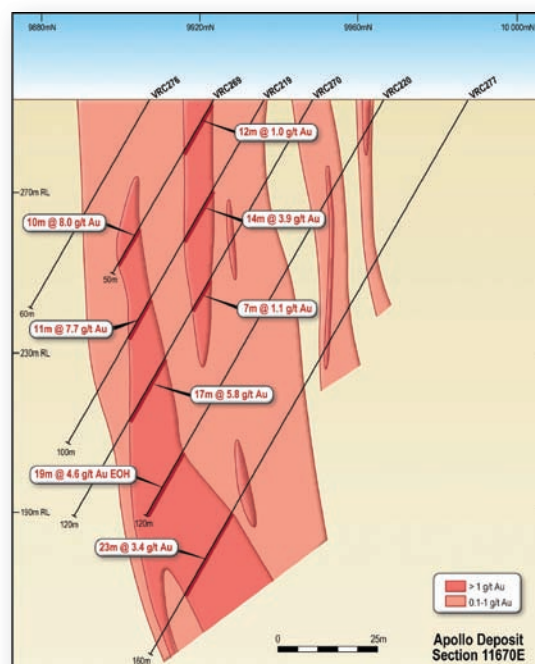


Figure 4: Cross Section through the Apollo Deposit (11670mE)

ZONE 102 DEPOSIT

Preliminary pit optimisation studies have been undertaken that suggest the deposit remains viable at a greater depth than currently drilled. As a result some drilling to test this depth potential has been undertaken, RC hole VRC490 (see Figure 5) intersected a zone assaying 7m @ 1.9 g/t gold confirming the depth potential of the deposit. Further drilling at the Zone 102 deposit is planned for 2011 – 2012.

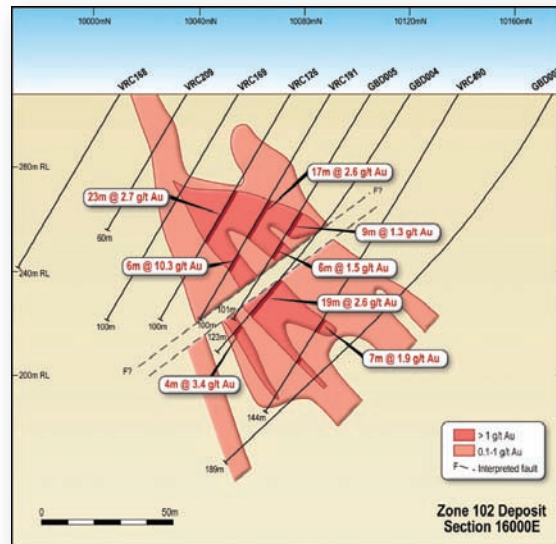


Figure 5: Cross Section through the Zone 102 Deposit (16000mE)

ZONE 126 DEPOSIT

Drilling to extend a high grade section of this deposit confirmed a 30m extension to the west with VRC 491 returning 15m @ 5.6 g/t gold, including 4m @ 11.3 g/t. This drill result gives confidence to the geological interpretation that the high grade gold zones in the Zone 126 deposit lie within a south west plunging shoot.

Additional RC drilling is underway at the deposit to test the depth extension of the high grade shoot.

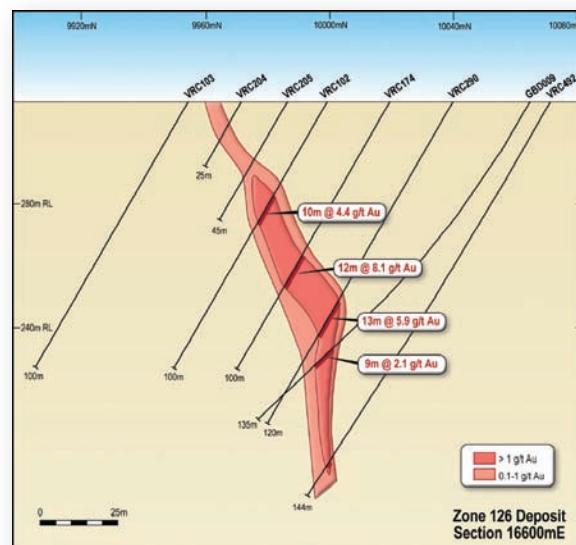


Figure 6: Cross Section through the Zone 126 Deposit (16600mE)

Review Of Operations (cont'd)

TORINO PROSPECT / SOUTH WEST TARGET AREA

The south western extension of the Glenburgh Shear zone has previously been considered to be prospective for gold. However, historical shallow RAB drilling was only conducted on 400m spaced lines across the interpreted structure. This wide spaced drilling intersected some significant anomalism, including up to 4m @ 1.1 g/t gold in GLR206. During the year Gascoyne Resources completed the initial infill RAB drilling over the area. This has defined two gold anomalous trends each of which extend for over 3,000m. This resulted in the discovery of the Torino prospect around 4 km south west of the Icon and Apollo deposits (See Figure 7), where the first pass RAB drilling intersected 28m @ 1.2 g/t Au (including 8m @ 3.2 g/t Au). Follow up RC drilling has confirmed the discovery, with intersections including 18m @ 2.1 g/t in VRC503, 18m @ 0.6 g/t Au in VRC501 and 17m @ 0.7 g/t Au and 18m @ 0.5 g/t Au to EOH inc 8m @ 1.0 g/t Au in VC504.

Additional Air core and RC drilling is underway at both the Torino prospect and the South West target zone.

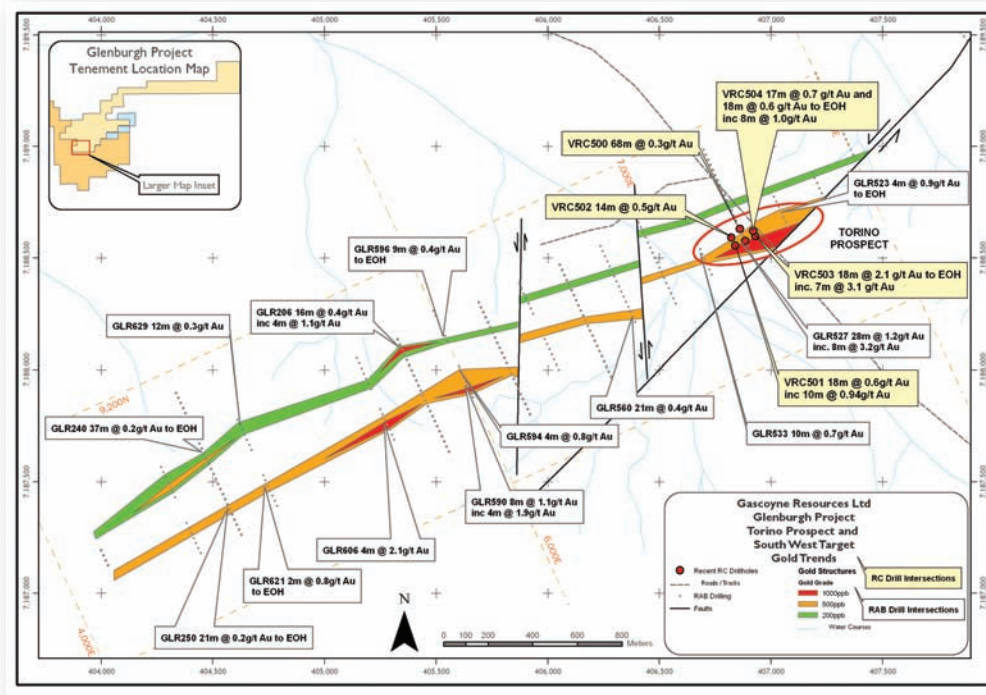


Figure 7: Torino Prospect and South West Target Drill Intersections

Review Of Operations (cont'd)

MT JAMES GOLD PROJECT—WESTERN AUSTRALIA

Gascoyne Resources Limited 100%
EL52/2343 - 46km²

Project Background

The Mt James project is located in the southern part of the Gascoyne Complex. It is 85 km north east of Glenburgh and approximately 75 km south of Mt Augustus to the west of the Landor-Mt Augustus Road. Gold mineralisation was identified at several locations in 1988 as a result of RAB drilling that followed up stream sediment and subsequent soil sampling. The main prospect is the West Point grid area where low-grade gold mineralisation was identified over a strike extent of 3.6km within which RAB drilling returned values 14m @ 1.6 g/t gold and 4m @ 8 g/t gold. Similar results were returned at the Clever Mary Prospect 5km to the east.

The tenement area is underlain with quartz-mica schists with subordinate mafic schist and minor BIF/chert, gneiss and quartzite and granitoids in a similar setting to the Glenburgh gold deposits. North West trending shear directions are evident in the aeromagnetic data.

Previous Exploration

At the West Point grid area RAB drilling to a maximum depth of 40m was conducted on 14 lines across a 3km strike to test gold in soil anomalies. Subsequently 10 RC holes were drilled to a maximum hole length of 90m to evaluate some of the RAB drilling results. In 2007 a soil sampling program on 400m spaced lines with sample interval of 40m was conducted across the licence, excluding the western portion where transported soils and overburden preclude the usefulness of this technique. This program identified the previously recognised prospect areas and additionally a zone of enhanced and anomalous gold to the south of and sub-parallel to the West Point grid in an area of transported overburden. It also identified anomalous gold in soils at West Point that do not appear to have been subject to drilling.

Current Exploration

Recent geological assessment of the area suggests that there is considerable transported cover that may render the soil sampling undertaken in 2007 to be unreliable. As a result additional geochemical sampling, using auger or vacuum drilling, is being planned across zones of anomalous and enhanced gold in soil values. Geological assessments have also been conducted at the main prospects of West Point and Clever Mary prospect areas with a view to identifying higher grade positions.

BUSTLER WELL GOLD PROJECT—WESTERN AUSTRALIA

Gascoyne Resources Limited 100%
EL52/2348 - 71km²

Project Background

The Bustler Well project is located 65 kilometres south of Mt Augustus on the Landor-Mt Augustus Road, and only 15 km north east of the Mt James project in the southern part of the Gascoyne Complex. At a location referred to as the "Old Pit Area" minor historical gold workings based on quartz-veined schistose arkose were drilled in 1988 and 1989 with high grade gold values returned from surface and drill sampling. This provides the main exploration focus for the project.

Regional aeromagnetic data shows the Bustler Well project area to be located on a major regional shear system.

Previous Exploration

Sampling of the minor historical gold workings at the Old Pit Area returned assay results up to 81.1 g/t gold along with channel samples from pits returning numerous significant results including a channel sample result of 10m @ 2.6 g/t gold within a narrow quartz vein/shear. Subsequent RC drilling at the Old Pit Area returned several narrow high grade gold intersections including:

- 1m @ 37.4 g/t gold from 20 metres (BR1)
- 2m @ 9.1 g/t gold from 10 metres (BR2)
- 3m @ 7.6 g/t gold from 17 metres (BR3).
- 3m @ 7.2 g/t gold from 47 metres (BR15)
- 2m @ 4.3 g/t gold from 72 metres (BR15)

The mineralised system is open to the south east.

Current Exploration

During the year a detailed stream sediment sampling program of 124 samples collected in the southern and south western portion of the licence area returned anomalous and enhanced gold in stream sediments from the area generally to the south and west of the drilled historical pits and diggings. Soil sampling across these anomalous areas is expected to be undertaken during the next field season.



Fig 9: View from Bustler Well historical gold workings

NEW PROJECTS—WESTERN AUSTRALIA

Gascoyne Resources Limited 100%

ELA 51/1469 & 1470, 15/1265, 1280 & 1297, P15/5570-5573, ELA20/759 & 773, ELA58/399, ELA59/1731, ELA47/2483 and ELA70/4106 - 1050km²

A number of tenement applications have been made in the Murchison, Pilbara, Higginsville and Mullewa regions of Western Australia. While the Gascoyne region remains the focus for the Company, these new projects have the potential to add significantly to the Company's future, while also providing some geographical diversification of our gold and base metal assets within Western Australia.

A brief outline of the targets is provided below:

- The Murchison Region: A total of six tenement applications have been made extending from the northern end of the Big Bell greenstone belt in the north to the Ninghan region south of Paynes Find in the south. These tenements areas have been selected based on the underlying Archaean greenstone geology and are considered prospective for gold and a range of base metals.
- The Higginsville Region: A total of seven tenement applications have been made in the area, which is located on the southern end of the Widgemooltha Dome. The area is considered to be prospective for gold and nickel, with operating gold and nickel mines within the close proximity to the tenements. Of particular interest is the area around the Footes Find gold deposit which lies within one of the tenements. The deposit was mined in the late 1980's and early 1990's and trucked to the nearby Higginsville operation.
- The Sherlock Bay Area: One tenement has been applied for, which covers the strike extensions of the Sherlock Bay disseminated nickel sulphide deposit (25Mt @ 0.4% Ni for 101,300t of contained nickel). The tenement contains a number of reported historical nickel and copper occurrences that have not been fully evaluated.
- The Mullewa Region: One tenement has been applied for which covers the interpreted northern extensions of the Irwin River Coal Measures, an area that has had very little historical exploration. The area is very close to the proposed Oakajee port and rail infrastructure, which if built could solve the infrastructure constraints that have, to date, limited the development of potential deposits in the region.

It is expected that these tenements will be granted over a period of six to 12 months, starting in late 2011.

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr M Dunbar who is a full time employee of Gascoyne Resources Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr Dunbar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE GOVERNANCE

The Directors of Gascoyne Resources Limited believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles and the Company assesses its governance practices on an ongoing basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the Company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The Company has a corporate governance section on the website at www.gascoyneresources.com.au. The section includes details on the company's governance arrangements and copies of relevant policies and charters.

ASX Corporate Governance Council Best Practice Principles and Recommendations (2nd Edition)

For ease of comparison to the recommendations, the Corporate Governance statement addresses each of the 8 principles in turn. Where the Company has not followed a recommendation this is identified with the reasons for not following the recommendation. This disclosure is in accordance with ASX listing rule 4.10.3.

The following table outlines which of the ASX recommendations the Company has not complied with. Reasons for non-compliance are explained in this report.

ASX Recommendation	Description
2.1	A majority of the board should be independent directors
2.2	The Chair should be an independent Chair
2.4	The board should establish a separate nomination committee
4.1	The board should establish a separate audit committee
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent director; who is not chair of the board • has at least 3 members
8.1	The board should establish a separate remuneration committee

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT BY THE BOARD

The Board operates in accordance with broad principles set out in its Charter which is available from the corporate governance section of the Company's website.

Broadly the key responsibilities of the Board are:

1. Setting the strategic direction of the Company with management and monitoring management implementation of that strategy;
2. Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions;
3. Approving the annual operating budget, annual shareholders report and annual financial accounts;
4. Appointing, monitoring, managing the performance of, and if necessary terminating the employment of the Managing Director;
5. Approving and monitoring the Company's risk management framework;
6. Ensuring compliance with the Corporations Act 2001, ASX listing rules and other relevant regulations.

All Directors and senior executives reporting to the Managing Director of the Company have been given formal letters of appointment outlining key terms and conditions of their appointment.

Performance evaluations for senior executives are carried out annually by either the Managing Director or the Board. Performance during the previous 12 months is assessed against relevant performance indicators, and role expectations and goals are set for the following year. Performance evaluations have been completed for all executives during the reporting period in accordance with approved processes.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Board Members

Details of Board members, their experience, expertise, qualifications, term in office and independence status are set-out in the Directors' Report. The Board consisted of three members from 1 July 2010 to 30 March 2011 of which two Directors, Mr Graham Riley and Mr John den Dryver were considered to be independent within the ASX's definition. As a result of Board appointments during the period 31 March 2011 to 30 June 2011 the Board now comprises six members of which only Mr John den Dryver is considered to be independent within the ASX's definition. Accordingly, the Company did not comply with ASX recommendation 2.1 for the period 31 March 2011 to 30 June 2011 as the majority of the Board were not independent Directors.

Mr Graham Riley, the Company's Chairman, became a substantial shareholder during the year as a result of his participation in the share issue conducted by the Company with shareholder's approval during the year. Accordingly, the Company did not comply with ASX recommendation 2.2 for the period 3 May 2011 to 30 June 2011 as the Chair of the Company was not considered to be independent within the ASX's definition.

The Board charter is available from the Company's website. The Board has formalised various policies on securities trading, disclosure and codes of conduct, which assist in providing a stronger governance framework for the Company. These are in addition to the Company's requirements under the Corporations Act 2001 and ASX Listing Rules.

Board structure and composition will be reviewed as and when the Company's strategic directions and activities change. The Company will only recommend the appointment of additional Directors to your Board where it believes the expertise and value added outweighs the additional cost.

A copy of the Director Nomination and Induction Policy is available from the corporate governance section of the Company's website.

Nomination Committee

The Company does not comply with ASX recommendation 2.4 in that there is no separate nomination committee. Given the Board comprised three Directors for much of the year it was decided that there were no efficiencies to be gained from forming a separate nomination committee. The current Board members carry out the roles that would otherwise be undertaken by a nomination committee and each Director excludes himself from matters in which he has a personal interest.

Each Director completes an annual formal evaluation of the Board's performance including the Managing Director. The Chairman conducts an informal evaluation of the Board members at least once per annum.

Further information on the performance assessment process for the Board and senior executives can be found in the Directors' Report. Details of Director's attendance at board, audit committee and remuneration committee meetings are detailed in the Directors' Report.

A copy of the Nomination Committee Charter is available from the corporate governance section of the Company's website.

Independent Advice

A Director of the Company is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out in the Board's Charter.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Board has adopted a Code of Business Conduct. A copy of the Code is made available to all employees of the Company.

This code expresses certain basic principles that the Company and employees should follow in all dealings related to the Company. They should show the highest business integrity in their dealings with others, including preserving the confidentiality of other peoples' information and should conduct the Company's business in accordance with law and principles of good business practice.

A copy of the Code of Conduct is available from the corporate governance section of the company's website.

Securities Trading Policy

A formal Securities Trading Policy has been adopted whereby certain key executives ("Restricted Persons") are prevented from trading in the Company's shares 2 weeks prior to the announcement of quarterly, half-year and the full-year reports. This is a restriction over and above the requirement to not trade in the Company's securities when in possession of inside information.

A copy of the Securities Trading Policy is available from the corporate governance section of the Company's website.

Corporate Governance (cont'd)

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Managing Director and Chief Financial Officer have made the following certifications to the Board;

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards; and
- That the reports were founded on a sound system of financial risk management and internal compliance and control.

Audit Committee

The Company does not comply with ASX recommendations 4.1 and 4.2 in that there is no separate audit committee, and it is not comprised only of non-executive Directors. Given the Board comprised three Directors for much of the year it was decided that there were no efficiencies to be gained from forming a separate audit committee. The current Board members carry out the roles that would otherwise be undertaken by an audit committee.

The charter sets out the roles and responsibilities of the audit committee and contains information on the procedures for the selection and rotation of the external auditor. A full copy of the Audit Committee Charter is available from the corporate governance section of the Company's website.

The Board believes the audit committee structure is appropriate given the Company's size. The composition of the audit committee will be assessed on an ongoing basis in light of the Company's overall board structure and strategic direction.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure

The Board has a formal disclosure policy outlining procedures for compliance with ASX continuous disclosure requirements. The policy is based upon the Company's desire to promote fair markets, honest management and full and fair disclosure. The disclosure requirements must be complied with in accordance with their spirit, intention and purpose.

The purpose of the policy is to:

- summarise the Company's disclosure obligations;
- explain what type of information needs to be disclosed;
- identify who is responsible for disclosure; and
- explain how individuals at the Company can contribute.

The Company Secretary is responsible for ensuring disclosure of information to the ASX.

A copy of the Disclosure Policy is available from the corporate governance section of the Company's website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Shareholder Communication Strategy

The Board has adopted a formal Shareholder Communication Guidelines Policy.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures are in place to determine where price sensitive information has been inadvertently disclosed, and if so, this information is released to the ASX.

The external auditor attends the annual general meeting and is available to respond to questions about the conduct of the audit and content of the independent audit report.

A full copy of the Shareholder Communication Policy is available from the corporate governance section of the Company's website.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Risk assessment and management

The Company does not have a separate Risk Management committee. Given the size of the Company, the Directors believe there are no efficiencies in forming a separate committee and the Board as a whole performs this role.

The Company does not have a single specific risk management policy, but rather, financial and operating risks are addressed through individual approved policies and procedures covering financial, contract management, safety and environmental activities of the Company. In addition to financial audits, the Company's operations in Australia are subjected to annual Risk Management reviews in accordance with the relevant Risk Management Standard. The Company engages an insurance brokering firm as part of the Company's annual assessment of the coverage for insured assets and risks. The results of all the various reviews and insurances are reported to the Board at least annually.

The integrity of Gascoyne Resource's financial reporting relies upon a sound system of risk management and control. Accordingly, the Managing Director and Chief Financial Officer, to ensure management accountability, are required to provide a statement in writing to the Board that the financial reports of Gascoyne Resources are based upon a sound risk management policy.

The Board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately. A copy of the Company's Risk Management Committee Charter is available from the corporate governance section of the Company's website.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration committee

The Company does not comply with ASX recommendation 8.1 in that it has not established a separate remuneration committee. Given the current size of the Company, the Directors believe there are no efficiencies in forming a separate committee and the Board as a whole performs this role. The Board of Directors reviews and approves recommendations in terms of compensation and incentive plan arrangements for directors and senior executives, having regard to market conditions and the performance of individuals and the group.

Remuneration Policies

The Company's remuneration policies are detailed in the Remuneration report in the Directors' Report.

Non-Executive Director Remuneration

Non-executive directors are remunerated by way of director's fees. Apart from compulsory superannuation entitlements, non-executive directors are not eligible to receive retirement benefits.

A copy of the Remuneration Policy is available from the corporate governance section of the Company's website.

DIRECTORS' REPORT

In respect of the financial year ended 30 June 2011, the Directors of Gascoyne Resources Limited, (the Group), submit the financial report. In order to comply with the provisions of the Corporations Act 2001, the Director's report as follows:

DIRECTORS

The following persons held office as Directors of Gascoyne Resources Limited during or since the end of the financial year and up to the date of this report:

Graham Riley BJuris LLB

Non Executive Chairman - Appointed 19 October 2009

Mr Riley is a qualified legal practitioner, having gained his Bachelor of Laws and Bachelor of Jurisprudence Degrees. After 10 years legal practice as a partner of a commercial firm in Perth, he resigned to pursue private interests in the resources and exploration sector, where he continues to act in various non-executive capacities. Graham was the Non-Executive Chairman of Giralia Resources NL and Red Hill Iron Limited and a Director of Adelphi Energy NL prior to their takeovers. He was also a Director of Arc Energy Limited. He is currently the Non-Executive Chairman of Buru Energy Limited and Entek Energy Limited and sits as a Non-Executive on the board of Target Energy Limited.

Mike Dunbar BSc, P Grad Dip (economic geology), MAusIMM

Managing Director - Appointed 31 March 2011

Mr Mike Dunbar is a geologist with over 17 years experience in exploration, resource development and mining projects, both within Australia and overseas. Mike has been active in exploring and developing a broad range of deposit styles and commodities from Nickel Sulphide deposit development, Archaean and Proterozoic Gold, IOCG copper and gold deposits and sandstone hosted uranium deposits.

Mike was involved in the discovery, delineation and development of the +2Moz Thunderbox gold deposit, the discovery and delineation of the Waterloo and Amora Nickel Sulphide deposits in Western Australia, the delineation of the Munali Nickel Sulphide deposit, the Mirabella Nickel Sulphide deposit, the IOCG - Cloncurry Copper; Gold, Cobalt, Magnetite as well as a number of smaller deposits. Mike's experience includes 4 years with Eagle Mining NL, 6 years with LionOre (now Norilsk Nickel) and 6 years with the Mitchell River group of companies including Albion Limited, Mirabella Nickel, African Energy, Sally Malay Mining (now Panoramic) and Exco Resources.

Stan Macdonald

Non Executive Director - Appointed 20 April 2011

Mr Macdonald has been associated with the mining and exploration industry for many years, having been instrumental in the formation of numerous ASX listed companies, including Giralia Resources NL, where he was a Director for over 20 years. Mr Macdonald is Director of U3O8 Limited, Zenith Minerals Limited and Carpentaria Exploration Ltd.

Mike Joyce BSc (Hons), MSc, MAusIMM

Non Executive Director - Appointed 20 April 2011

Mr Joyce is a geologist with around 30 years experience in mineral exploration, following graduation in 1979 with a BSc (Hons) degree from Monash University. He also holds a MSc from the Royal School of Mines, University of London, UK. He was the leader of a successful gold exploration team at Aberfoyle Resources Ltd responsible for significant gold discoveries at Khartoum (Carosue Dam) and Davyhurst in Western Australia prior to joining Giralia Resources NL initially as the Exploration Manager and then as Managing Director. Mr Joyce is also a Director of Zenith Minerals Limited.

Gordon Dunbar BSc (Hons), MSc, FAusIMM, FAIG

Non Executive Director - Appointed 31 March 2011

Managing Director - Appointed 25 September 2009, Resigned 31 March 2011

Mr Dunbar is a consulting geologist with 40 years experience in the Australian minerals industry managing project development, mineral exploration and evaluation programs, mine geology, financial studies, production assessment and monitoring joint venture projects. Gordon's experience includes exploration and mining geology roles at Kambalda with WMC, the evaluation of the Golden Grove base metal deposit in WA, the Chief Geologist at Rosebery Mine in Tasmania and management roles with BP Australia undertaking financial studies, monitoring the evaluation of the Olympic Dam deposit and as Exploration Manager for BP Minerals.

Gordon formed his own consulting group in 1990 to provide advice on exploration, evaluation, mining geology, project assessment and pre-feasibility studies, particularly those involving gold, base metals and nickel. He has worked on projects within Australia and Internationally. Mr Dunbar is a Non-Executive Director of Helix Resources Limited and Rubiana Resources Limited.

John den Dryver BE (Mining) MSc FAusIMM (CP)
Non-Executive Director - Appointed 25 September 2009

Mr den Dryver is a mining engineer with over 30 years mining experience in operational and corporate management. John joined Mount Isa Mines in 1973. In 1982, John joined North Flinders Mines as the Company Mining Engineer. He became the Operations Manager for North Flinders after the mine was commissioned in 1986 and over the next 10 years managed the operations as well as developing the further discoveries in this region including the Callie Mine. In 1987 he was invited to join the Board of North Flinders to become Executive Director-Operations. In 1997 after Normandy Mining took over North Flinders, John was appointed Executive General Manager-Technical leading a team of specialist geologists, mining engineers and metallurgists in operational support, technical review and due-diligence activities. In 2003, after the takeover of Normandy by Newmont Corporation, John set up his own mining consultancy business. Mr den Dryver is a Director of Adelaide Resources Limited, Centrex Metals Limited and Helix Resources Limited.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
John den Dryver	Adelaide Resources Limited	18 April 2005 – current
	Centrex Metals Limited	1 March 2011 - current
	Helix Resources Limited	25 October 2004 - current
Gordon Dunbar	Helix Resources Limited	18 July 2006 – current
	Rubianna Resources Limited	13 September 2011 - current
Mike Joyce	Giralia Resources NL	10 May 2000 - 2 March 2011
	Pacmag Metals Limited	18 November 2005 – 31 October 2010
	Zenith Minerals Limited	6 December 2006 - current
Stan Macdonald	Carpentaria Exploration Limited	10 April 2007 - current
	Giralia Resources NL	12 April 1991 - 2 March 2011
	U308 Limited	6 October 2005 - current
	Zenith Minerals Limited	24 April 2006 - current
Graham Riley	Adelphi Energy NL	10 January 2005 – 16 July 2010
	Buru Energy NL	22 May 2008 – current
	Entek Energy Limited	1 February 2011 - current
	Giralia Resources NL	30 June 1998 – 2 March 2011
	Target Energy Limited	1 January 2011 – current
Michael Dunbar	None	

COMPANY SECRETARY

Eva O'Malley B.Com, CA

Ms O'Malley was appointed to the position of Company Secretary on 12th January 2011. She has extensive experience in managing the financial obligations of ASX listed corporations across a diverse range of industries.

Ms Joneen McNamara resigned as Company Secretary on 12th January 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Group constituted by Gascoyne Resources Limited and the entities it controlled during the period consisted of gold and base metal mineral exploration. There has been no significant change in the nature of these activities during the year.

Directors' Report (cont'd)

FINANCIAL RESULTS

The net consolidated loss of the Group for the financial period, after provision for income tax was \$382,347. The loss for the previous financial year was \$2,614,967 after impairing \$2.114m of carried forward exploration costs.

DIVIDENDS

No dividend has been paid or is recommended for the current period.

REVIEW OF OPERATIONS

The Group's activities are contained in releases to the ASX on a quarterly basis and contained on our website at www.gascoyneresources.com.au.

The Company's strategy continues to be corporate and geological expertise to target and secure mineral assets, and then create and extract value for the benefit of our shareholders.

Mineral Asset Project Highlights

The year has been an extremely busy one, with the main focus being on the resource extensional effort at Glenburgh. In addition to Glenburgh activities, a number of exploration programs have been completed on the other projects. Highlights include;

Glenburgh:

Drilling of 400 drill holes was completed during the year. Of these 85 RC drill holes for approximately 7,300m and 91 air core holes (for 2,500m) were drilled during the year aimed at extending the known deposits. This resulted in the Inferred resource growing by approximately 320,000 ounces. The resource now stands at 13.8Mt @ 1.2 g/t Au for 520,000 ounces of contained gold. While this increase has been a fantastic result, it has to be stressed that the new resource does not include the recent discovery at the Torino prospect, which along with the exploration potential in the South West Target Area, provides significant upside for additional resource growth in the near future. Drilling is continuing on site, with two drill rigs still actively testing new exploration targets and extensional positions at the known deposits.

Bassit Bore:

A number of infill stream sediment sampling programs along with initial surface soil sampling programs have been completed at the Bassit Bore project during the year. In addition to activities on the central tenement, the two surrounding tenement applications were granted late in the year. Initial rock chip sampling at a mineralised quartz vein has been undertaken with results of up to 73 g/t gold received. Additional soil sampling prior to drill testing of this target will be completed in September 2011.

Bustler Well:

During the year, results from an infill stream sediment sampling program were received. This highlighted a broad low level gold trend that is co-incident with a regional structure that trends through the tenement. Additional soil sampling will be completed in either late 2011 or early 2012.

Mt James:

A detailed assessment of the historical data has been undertaken. This highlighted a number of sporadic low level gold soil anomalies, which have as yet not been followed up. Geological field assessment of these zones highlighted that the area has a variable amount of transported cover, which may cause the soil sampling results to be inconsistent and unrepresentative of underlying geological units. A review of the most effective method of testing the underlying geology is underway, however it is likely that either shallow auger drilling or RAB drilling will be required to effectively test the area.

CORPORATE

The Group has no debt and has cash at bank of \$4,956,851 (2010: \$4,379,664).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Group issued 40,000,000 ordinary shares on 3 May 2011 to raise \$4,000,000 as approved by shareholders at general meeting dated 20 April 2011.

During the previous financial year the Group conducted a sale of unmarketable shares on behalf of the holders of less than \$500 worth of shares (on the 30th of April 2010), which was completed on the 5th of August 2010.

In the opinion of the Directors, other than disclosed elsewhere in this Report, there were no significant changes in the state of affairs of the Group that occurred during the period under review.

SUBSEQUENT EVENTS

On 15 September 2011 the Group issued 1 million employee options to its employees. The employee options have an exercise price of \$0.40, vest 50% on issue and 50% on 15 September 2012 and have an expiry date of 31 August 2014.

The Directors are not aware of any other matter or circumstance that has arisen since the end of the financial year which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

REMUNERATION REPORT (AUDITED)

The Company's Executive Officers' remuneration policy is set to ensure that remuneration packages properly reflect the duties and responsibilities of the senior executives and are sufficient to attract, retain and motivate personnel of the requisite quality. The policy is administered by the Remuneration Committee, which is comprised of all board members.

Executive Officer's Employment Agreements

Mr Michael Dunbar was appointed to the role of Managing Director on 31 March 2011. His Executive Service Agreement is ongoing and provides for a salary of \$272,500 pa inclusive of superannuation and the provision of six months' notice for termination or resignation without cause.

Ms Eva O'Malley was appointed to the role of Company Secretary on 12th January 2011. Her Employment Agreement is ongoing and provides for a salary of \$65,400 pa inclusive of superannuation for 15 hours per week and the provision of one months' notice for termination or resignation without cause.

Whilst the level of remuneration is not dependent on the satisfaction of any performance condition, the performance of Executives is reviewed on an annual basis.

Non-Executive Director Remuneration

Non-executive Directors are remunerated by fees determined by the Board within the aggregate Directors' fee pool limit of \$250,000. The pool limit is not at present fully utilised. In setting the fees, account is taken of the responsibilities inherent in the stewardship of the Company and the demands made of Directors in the discharge of their responsibilities. Advice is taken from independent consultancy sources where appropriate to ensure remuneration accords with market practice.

The Company has largely adopted the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations and decided to remunerate its non-executive directors on an ongoing basis with no accrual or entitlement to a retirement benefit.

Remuneration packages contain the following key elements:

- a) Primary benefits – salary / fees and performance based bonuses;
- b) Post employment benefits – prescribed retirement benefit; and
- c) Equity – share options granted under the executive share option plan as disclosed in note 17 to the financial statements.

Directors' Report (cont'd)

Details of Remuneration

The following table discloses the remuneration of the Directors and senior executives of the Company:

	Primary			Post Employment			Equity		Other Benefits	Total
	Salary & Fees \$	Performance Based Payment \$	Non Monetary \$	Super-annuation \$	Pre-scribed Benefits \$	Other Retirement Benefits \$	Options \$	% of Remu-neration %		
Key Management Personnel 2011										
G Riley	46,903	-	-	3,097	-	-	-	-	-	50,000
M Dunbar	189,793	10,000	-	17,081	-	-	9,200	4.1%	-	226,074
J den Dryver	32,110	-	-	2,890	-	-	-	-	-	35,000
G Dunbar	57,652	-	-	39,236	-	-	-	-	-	96,888
M Joyce	6,923	-	-	-	-	-	-	-	-	6,923
S Macdonald	6,923	-	-	-	-	-	-	-	-	6,923
J McNamara	21,770	-	-	-	-	-	-	-	-	21,770
E O'Malley	30,230	-	-	2,721	-	-	-	-	-	32,951
Total Key Management Personnel 2011	392,304	10,000	-	65,025	-	-	9,200		-	476,529
Key Management Personnel 2010										
G Riley	22,935	-	-	2,065	-	-	20,800	45.4	-	45,800
G Dunbar	22,747	-	-	46,003	-	-	39,000	36.1	-	107,750
J den Dryver	16,055	-	-	1,445	-	-	20,800	54.3	-	38,300
G J Wheeler	-	-	-	-	-	-	20,800	100	-	20,800
M Dunbar	44,037	-	-	3,963	-	-	-	-	-	48,000
J McNamara	15,362	-	-	1,383	-	-	13,000	43.7	-	29,745
Total Key Management Personnel 2010	121,136	-	-	54,859	-	-	114,400		-	290,395

KEY MANAGEMENT PERSONNELS' SHARE OPTIONS

Pursuant to approval at Shareholders' meetings, executives and employees are entitled to subscribe for ordinary shares on the terms agreed to by the Shareholders. At the date of this report Directors and senior executives are entitled to purchase an aggregate of 3,350,000 ordinary shares of Gascoyne Resources Limited according to the following terms:

Key Management Personnel	Number of Executive Options Held	Issuing Entity	Exercise Price	Expiry Date	Number of ordinary shares under option
G Riley	400,000	Gascoyne Resources	\$0.25	30.11.2011	400,000
M Dunbar	500,000	Gascoyne Resources	\$0.25	30.11.2011	500,000
J den Dryver	400,000	Gascoyne Resources	\$0.25	30.11.2011	400,000
G Dunbar	750,000	Gascoyne Resources	\$0.25	30.11.2011	750,000
J McNamara (resigned 12 Jan 2011)	250,000	Gascoyne Resources	\$0.25	30.11.2011	250,000
G J Wheeler (resigned 19 Oct 2009)	400,000	Gascoyne Resources	\$0.25	30.11.2011	400,000
E O'Malley	150,000	Gascoyne Resources	\$0.40	31.08.2014	150,000
J Goldsworthy (appointed 4 Jul 2011)	500,000	Gascoyne Resources	\$0.40	31.08.2014	500,000
Total	3,350,000				3,350,000

DIRECTORS' SHARE AND OPTION HOLDINGS

Director	*Fully Paid Ordinary Shares	*Staff Options
G Riley	11,327,559	400,000
M Dunbar	1,000,000	500,000
J den Dryver	-	400,000
G Dunbar	136,379	750,000
M Joyce	7,421,993	-
S Macdonald	12,137,878	-

* Directors' interests in ordinary shares and options of the Company are shown at the date of this Directors' Report.

UNISSUED SHARES UNDER OPTION

Unissued ordinary shares of the Group under option at the date of this report are:

Options Series	No.	Expiry Date	Exercise Price \$
Issued 15 Sep 2011	1,000,000	31/08/14	\$0.40
Issued 8 Dec 2010	500,000	30/11/11	\$0.25
Issued 20 Oct 2009	2,200,000	30/11/11	\$0.25
Total	3,700,000		

Directors' Report (cont'd)

OFFICERS' INDEMNITY AND INSURANCE

During the year the Company paid an insurance premium to insure the Directors and Officers of the Company and related bodies corporate. The Officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and Officers to indemnify them against any claim and related expenses, which arise as a result of work completed in their respective capacities.

The Company has not otherwise, during or since the financial year indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

ENVIRONMENTAL REGULATIONS

The Group is subject to environmental regulations under laws of the Commonwealth and State. The Group has a policy of complying with its environmental performance obligations and at the date of this report, is not aware of any breach of such regulations.

MEETINGS OF DIRECTORS

The number of meetings held during the year by Company Directors (including meetings of committees of Directors) and the number of those meetings attended by each Director was:

	Board of Directors' Meetings	
	Entitled to Attend	Attended
G Riley	5	5
M Dunbar	2	2
J den Dryver	8	8
G Dunbar	8	7
M Joyce	2	2
S Macdonald	2	2

NON-AUDIT SERVICES

No non-audit services were provided to the Company for the year ended 30 June 2011.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 23 of the financial report.

Dated at Perth this 28th day of September 2011.

This report is made and signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors.



G Riley
Chairman

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration To the Directors of Gascoyne Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Gascoyne Resources Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read "Becker".

C A Becker
Director - Audit & Assurance Services

Perth, 28 September 2011

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INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report To the Members of Gascoyne Resources Limited

Report on the financial report

We have audited the accompanying financial report of Gascoyne Resources Limited (the 'Company'), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Gascoyne Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 19 to 22 of the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Independent Auditor's Report (cont'd)



Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Gascoyne Resources Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker

C A Becker
Director - Audit & Assurance Services

Perth, 28 September 2011

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Gascoyne Resources Limited:
 - (a) the consolidated financial statements and notes of Gascoyne Resources Limited are in accordance with the Corporations Act 2001, including
 - i. giving a true and fair view of its financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that Gascoyne Resources Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Finance Officer for the financial year ended 30 June 2011.
3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



G Riley
Chairman

Dated at Perth this 28th day of September 2011.

STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2011

	Note	CONSOLIDATED	
		2011 \$	2010 \$
Assets			
Current			
Cash and cash equivalents	2	4,956,851	4,379,664
Trade and other receivables	3	202,394	50,595
Total Current Assets		5,159,245	4,430,259
Non-Current Assets			
Property, plant & equipment	6	144,193	85,632
Exploration and evaluation	7	6,560,184	3,800,001
Other	5	50,000	50,000
Total Non-Current Assets		6,754,377	3,935,633
Total Assets		11,913,622	8,365,892
Liabilities			
Current Liabilities			
Trade and other payables	8	311,435	395,929
Employee benefits	9	43,831	5,225
Total Liabilities		355,266	401,154
Net Assets		11,558,356	7,964,738
Equity			
Share capital	10	14,432,070	10,465,305
Other components of equity	11	123,600	114,400
Accumulated losses	12	(2,997,314)	(2,614,967)
Total Equity		11,558,356	7,964,738

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	CONSOLIDATED	
		2011 \$	2010 \$
Revenue from continuing operations	13	209,427	135,046
Employment costs		(364,290)	(213,044)
Audit and accountancy		(25,674)	(22,292)
Corporate marketing		(40,195)	(1,818)
Depreciation	14	(34,392)	(4,055)
Impairment of exploration and evaluation assets	7	(6,902)	(2,114,010)
IT costs		(21,245)	(6,064)
Overhead allocation to exploration		93,825	37,550
Premises costs		(96,255)	(56,368)
Professional services		(8,280)	(2,043)
Stamp duty		-	(290,000)
Travel expenses		(2,900)	(495)
Other general and admin expenses		(85,466)	(77,374)
Loss before tax		(382,347)	(2,614,967)
Tax expense	19	-	-
Loss for the year		(382,347)	(2,614,967)
Other Comprehensive Income			
Other comprehensive income		-	-
Tax relating to comprehensive income		-	-
Other comprehensive income, after tax		-	-
Total Comprehensive Loss attributable to members of Gascoyne Resources Limited		(382,347)	(2,614,967)
Loss per share			
Basic (cents per share)	21	(0.57)	(4.27)
Diluted (cents per share)	21	(0.57)	(4.27)

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

		CONSOLIDATED	
		2011 \$	2010 \$
Operating Activities			
Payments to suppliers and employees		(534,744)	(158,515)
Interest received		159,094	126,572
Net cash used in operating activities	2(b)	(375,650)	(31,943)
Investing Activities			
Payments for capitalised exploration & evaluation expenditure		(2,659,569)	(314,011)
Stamp duty paid		(282,315)	-
Purchase of property, plant & equipment		(72,044)	(89,687)
Payments for security deposits		-	(50,000)
Net cash used in investing activities		(3,013,928)	(453,698)
Financing Activities			
Proceeds from issue of shares/options		4,000,000	5,404,920
Share issue costs paid		(33,235)	(539,615)
Net cash provided by financing activities		3,966,765	4,865,305
Net change in cash and cash equivalents		577,187	4,379,664
Cash and cash equivalents, beginning of year		4,379,664	-
Cash and cash equivalents, end of year	2(a)	4,956,851	4,379,664

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

CONSOLIDATED	Share Capital		Options Reserve	Accumulated Losses	Total
	Ordinary				
	\$	\$	\$	\$	\$
2011					
Balance at the beginning of the financial year	10,465,305	114,400	(2,614,967)		7,964,738
Shares issued during the financial year	4,000,000	-	-		4,000,000
Share Issue Costs	(33,235)	-	-		(33,235)
Issue of Employee Incentive Options	-	9,200	-		9,200
Loss attributable to members of the parent entity	-	-	(382,347)		(382,347)
Balance at the end of the financial year	14,432,070	123,600	(2,997,314)		11,558,356

CONSOLIDATED	Share Capital		Options Reserve	Accumulated Losses	Total
	Ordinary				
	\$	\$	\$	\$	\$
2010					
Balance at the beginning of the financial year	-	-	-		-
Shares issued during the financial year	11,004,920	-	-		11,004,920
Share Issue Costs	(539,615)	-	-		(539,615)
Issue of Employee Incentive Options	-	114,400	-		114,400
Loss attributable to members of the parent entity	-	-	(2,614,967)		(2,614,967)
Balance at the end of the financial year	10,465,305	114,400	(2,614,967)		7,964,738

This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2011**

I. SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

The financial report is a general-purpose financial report that has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and complies with other requirements of the law. The financial report includes financial statements for the Consolidated Entity (Group) consisting of Gascoyne Resources Limited and its subsidiaries.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Gascoyne Resources Limited is a listed public company, incorporated and operating in Australia.

Statement of Compliance

The financial report for Gascoyne Resources Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 28 September 2011.

Accounting policies

Material accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property. A summary of the Consolidated entity's significant accounting policies is set out below.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Gascoyne Resources Limited at the end of the reporting period. A controlled entity is any entity over which Gascoyne Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 4 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Company.

b) Cash and Cash Equivalents

Cash on hand and in banks and short term deposits are stated at nominal value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 90 days, net of outstanding bank overdrafts.

c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Gascoyne Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2009. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

d) Property, Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	Straight line 9% to 40%
Motor Vehicles	Straight line 22.2%

e) Exploration and evaluation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

f) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer; liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

Notes to the Financial Statements (cont'd)

g) Impairment of Non-financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

h) Non-derivative financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

i) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provision is made in respect of wages and salaries, annual leave and other employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provision made in respect of long service leave which is not expected to be settled within 12 months is measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by the employees up to reporting date.

Share-based payments

Share-based compensation benefits are provided to employees via various Share Option Plans.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital. The market value of shares issued to employees for no cash consideration under the Share Plans is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

j) Revenue Recognition

Revenue from the disposal of assets is recognised when the Group has passed control of the goods or other assets to the buyer. Interest on bank deposits is recognised as income as it accrues.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument and is net of GST.

k) Accounts Payable

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

l) Receivables

Other receivables are recorded at amounts due less any specific provision for doubtful debts.

m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax GST, except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

n) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

o) Provisions

Mine restoration and rehabilitation costs are provided for at the present value of future expected expenditures required to settle the Group's obligations on commencement of commercial production, discounted using a rate specified to the liability. When this provision is recognised a corresponding asset is also recognised as part of the development costs of the mine to the extent that it is considered that the provision gives access to future economic benefits. On an ongoing basis, the rehabilitation liability is re-measured at each reporting period in line with the changes in the time value of money (recognised as an expense in the statement of comprehensive income and an increase in the provision), and additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability.

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

p) Critical Accounting Estimates and Other Accounting Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group is of the view that there are no critical accounting estimates and judgements in this financial report, other than accounting estimates and judgements in relation to the carrying value of mineral exploration expenditure and value of incentive options issued to Directors and employees.

Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of resources or reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$6.560m.

q) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Gascoyne Resources Limited.

Notes to the Financial Statements (cont'd)

Adoption of Improvements to IFRSs 2010 – AASB 2010-3

The IASB has issued Improvements to IFRS 2010 (2010 Improvements) which was issued in Australia as AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvement Project. Most of these amendments became effective in annual periods beginning on or after 1 July 2010 or 1 January 2011. The 2010 Improvements amend certain provisions of AASB 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The 2010 Improvements did not have a material impact on the Company's financial statements.

r) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 9 / AASB 9 Financial Instruments (effective from 1 January 2013)

The IASB aims to replace IAS 39 (AASB 139) Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Company. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

2. CASH AND CASH EQUIVALENTS

a) Reconciliation of Cash

Cash and cash equivalents include the following components:

	CONSOLIDATED	
	2011 \$	2010 \$
Cash at bank	56,851	1,379,664
Cash on deposit	4,900,000	3,000,000
Total Cash	4,956,851	4,379,664

b) Reconciliation of cash flows from operating activities

	CONSOLIDATED	
	2011 \$	2010 \$
Loss after income tax	(382,347)	(2,614,967)
Non-cash flows in loss		
Depreciation	34,392	4,055
Impairment of exploration and evaluation	6,902	2,114,010
Issuance of employee options	9,200	114,400
Changes in Net Assets and Liabilities		
(Increase)/Decrease in Assets		
(Increase) in trade and other receivables	(135,193)	(50,595)
Increase/(Decrease) in Liabilities		
Increase in trade and other payables	52,790	395,929
Increase in provisions	38,606	5,225
Net cash used in operations	(375,650)	(31,943)

c) Non-cash Transactions

Nil.

Notes to the Financial Statements (cont'd)

3. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2011 \$	2010 \$
Prepayments	33,861	15,727
Interest Receivable	58,807	8,474
Other	109,726	26,394
Total Current Receivables	202,394	50,595

4. FINANCIAL ASSETS

Shares in subsidiaries

Name	Country of Incorporation	Percentage Held 2011	Percentage Held 2010
Gascoyne Resources (WA) Pty Ltd	Australia	100%	100%

5. OTHER ASSETS

	CONSOLIDATED	
	2011 \$	2010 \$
Non-Current		
Security Deposits	50,000	50,000
Total Other Assets – Non-Current	50,000	50,000

6. PROPERTY, PLANT AND EQUIPMENT

2011	CONSOLIDATED		
	Plant & Equipment \$	Motor Vehicles \$	Total \$
Gross Carrying Amount			
Balance at 1 July 2010	5,455	84,232	89,687
Additions	63,082	29,871	92,953
Disposals	-	-	-
Balance at 30 June 2011	68,537	114,103	182,640
Accumulated Depreciation			
Balance at 1 July 2010	497	3,558	4,055
Depreciation	14,426	19,966	34,392
Balance at 30 June 2011	14,923	23,524	38,447
Net Book Value			
30 June 2011	53,614	90,579	144,193

2010	CONSOLIDATED		
	Plant & Equipment \$	Motor Vehicles \$	Total \$
Gross Carrying Amount			
Balance at 1 July 2009	-	-	-
Additions	5,455	84,232	89,687
Disposals	-	-	-
Balance at 30 June 2010	5,455	84,232	89,687
Accumulated Depreciation			
Balance at 1 July 2009	-	-	-
Depreciation	497	3,558	4,055
Balance at 30 June 2010	497	3,558	4,055
Net Book Value			
30 June 2010	4,958	80,674	85,632

Notes to the Financial Statements (cont'd)

7. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	
	2011 \$	2010 \$
Non-Current		
Balance at beginning of the financial year	3,800,001	-
Expenditure incurred during the year	2,767,085	5,914,011
Impairment losses	(6,902)	(2,114,010)
Balance at the end of the financial year	6,560,184	3,800,001

The Directors' assessment of carrying amount was after consideration of prevailing market conditions; previous expenditure carried out on the tenements; and the potential for mineralisation based on both the entity's and independent geological reports. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole, or part, of the Group's interests in those areas for an amount at least equal to the carrying value. There may exist, on the Group's exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

8. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2011 \$	2010 \$
Current		
Trade payables	311,435	395,929
Total Trade and Other Payables - Current	311,435	395,929

9. EMPLOYEE BENEFITS

	CONSOLIDATED	
	2011 \$	2010 \$
Current		
Annual leave	43,831	5,225
Total Employee Benefits - Current	43,831	5,225

10. SHARE CAPITAL

	CONSOLIDATED	
	2011 \$	2010 \$
101,149,600 Fully Paid Ordinary Shares (2010: 61,149,600 Fully Paid Ordinary Shares)	14,432,070	10,465,305
Balance at end of financial year	14,432,070	10,465,305

Fully paid ordinary shares have no par value, carry one vote per share and carry the right to dividends.

	2011		2010	
	No.	\$	No.	\$
Fully Paid Ordinary Shares				
Balance at beginning of financial year	61,149,600	10,465,305	-	-
Issue of shares at 10 cents each	40,000,000	4,000,000		
Issue of shares on incorporation	-	-	100	20
Issue of shares to Helix at 2.5 cents each to raise seed capital	-	-	4,000,000	100,000
Issue of shares to Giralia at 2.5 cents each to raise seed capital	-	-	3,000,000	75,000
Issue of shares to Giralia to acquire Gascoyne regional tenements(i)	-	-	12,000,000	2,400,000
Issue of shares to Helix to acquire Glenburgh tenements (ii)	-	-	16,000,000	3,200,000
Issue of shares at 20 cents each per the Prospectus	-	-	26,149,500	5,229,900
Share Issue Costs		(33,235)		(539,615)
Balance at end of financial year	101,149,600	14,432,070	61,149,600	10,465,305

(i) Giralia distributed "in-specie" 14.6 million Gascoyne shares to its shareholders on a pro-rata basis pursuant to approval by shareholders at a general meeting on 8th February 2010.

(ii) Helix distributed "in-specie" 16 million Gascoyne shares to its shareholders on a pro-rata basis pursuant to approval by shareholders at a general meeting on 8th February 2010.

Share Based Payments

The following share based payments were made during the previous financial year:

16,000,000 fully paid ordinary shares issued to Helix Resources Limited at an issue price of \$0.20 for purchase of its Glenburgh tenements. These shares are restricted from trading until 11 December 2011.

12,000,000 fully paid ordinary shares issued to Giralia Resources Limited at an issue price of \$0.20 for purchase of its Gascoyne regional tenements. These shares are restricted from trading until 11 December 2011.

Capital Management

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels, distributions to shareholders and share and option issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Notes to the Financial Statements (cont'd)

11. OTHER RESERVES

	CONSOLIDATED	
	2011 \$	2010 \$
Options Reserve		
Balance at beginning of financial year	114,400	-
Issue of Employee Incentive Options	9,200	114,400
Balance at end of financial year	123,600	114,400

The Options Reserve records items recognised as expenses on valuation of employee incentive options.

12. ACCUMULATED LOSSES

	CONSOLIDATED	
	2011 \$	2010 \$
Balance at beginning of financial year	(2,614,967)	-
Net Loss attributable to members of the parent entity	(382,347)	(2,614,967)
Balance at end of financial year	(2,997,314)	(2,614,967)

13. REVENUE

Loss before Income Tax includes the following items of revenue and expense:

	CONSOLIDATED	
	2011 \$	2010 \$
Operating Activities		
Interest Revenue	209,427	135,046
Total Operating Revenue	209,427	135,046

14. LOSS FOR THE YEAR

Expenses

	CONSOLIDATED	
	2011 \$	2010 \$
Depreciation of non-current assets: Property, plant and equipment	34,392	4,055
Impairment of exploration and evaluation expenditure	6,902	2,114,010
Operating lease rental expenses: Minimum lease payments	75,180	56,368
Loss for the year	382,347	2,614,967

15. COMMITMENTS

a) Operating Lease Commitments

	CONSOLIDATED	
	2011 \$	2010 \$
Not later than 1 year	51,709	24,000
Later than 1 year but not later than 2 years	15,509	-
Later than 2 years but not later than 5 years	-	-
	67,218	24,000

The Company entered into a two year lease for office premises on 18 October 2010. Prior to this it had an office arrangement with Helix Resources Limited on normal terms & conditions requiring 3 months' notice.

b) Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the requirements specified by various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions. Due to the nature of the Company and Group's operations in exploring and evaluating areas of interest, it is very difficult to forecast the nature and amount of future expenditure. It is anticipated that expenditure commitments for the next twelve months will be tenement rentals of \$53,000 and exploration expenditure of \$408,000.

Notes to the Financial Statements (cont'd)

16. KEY MANAGEMENT PERSONNELS' REMUNERATION

Please refer to the disclosures contained in the Remuneration Report section of the Directors' Report.

The totals of remuneration paid to key management personnel of the Group during the year are as follows:

	CONSOLIDATED	
	2011 \$	2010 \$
Short term employment benefits	402,304	121,136
Post-employment benefits	65,025	54,859
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	9,200	114,400
	476,529	290,395

17. EXECUTIVE SHARE OPTION PLAN

There are 2,700,000 employee options outstanding at 30 June 2011, 500,000 employee options were issued in December 2010 and 2,200,000 employee options were issued in November 2009. An additional 1,000,000 employee options were issued subsequent to the end of the financial year on 15 September 2011.

Share options carry no rights to dividends and no voting rights. The difference between the total market value of options issued during the financial year, at the date of issue, and the total amount received from executives and employees is not recognised in the financial statements except for the purposes of determining key management personnels' remuneration in respect of that financial year. The amounts are disclosed in remuneration in respect of the financial year in which the entitlement was earned.

Value at Grant Date 2nd December 2010 [Issuance Date 8th December 2010]

A Black & Scholes calculation of the notional value of the Incentive Options is outlined below based on the following assumptions:

- the Incentive Options expire on 30 November 2011 and are exercisable at \$0.25 each;
- a share price of \$0.12. This has been determined after considering the share price range of \$0.10 to \$0.14 in the two months prior to issue;
- a volatility factor of 90% as used in previous issue;
- an interest rate of 4.75%;
- no discount factor has been applied notwithstanding the options lack of marketability and their inherent conditions;
- the valuations ascribed to the Incentive Options may not necessarily represent the market price of the Incentive Options at the date of the valuation; and
- the valuation date for the Incentive Options was 2nd December 2010.

The notional value determined for each Incentive Option was \$0.0184.

Value at Grant Date 20th October 2009 [Issuance Date 20th November 2009]

A Black & Scholes calculation of the notional value of the Incentive Options is outlined below based on the following assumptions:

- the Incentive Options expire on 30 November 2011 and are exercisable at \$0.25 each;
- a share price of \$0.14. This has been determined after considering the previous issue of shares at 2.5 cents, the net assets of the Company and the risk attached to ASX listing of the Company at the IPO issue price of 20 cents per share;
- a volatility factor of 90% based on similar industry participants given the Company was unlisted at option grant date;
- an interest rate of 5%;
- no discount factor has been applied for the ASX escrow conditions and restrictive attaching conditions;
- the valuations ascribed to the Incentive Options may not necessarily represent the market price of the Incentive Options at the date of the valuation; and
- the valuation date for the Incentive Options was 20th October 2009.

The notional value determined for each Incentive Option was \$0.052.

Further details are disclosed below:

	2011		2010	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Balance at beginning of financial year	2,200,000	\$0.25	-	-
Cancelled during the financial year	-	-	-	-
Expired during the financial year	-	-	-	-
Granted during the financial year (i)	500,000	\$0.25	2,200,000	\$0.25
Exercised during the financial year	-	-	-	-
Balance at end of financial year (ii)	2,700,000	\$0.25	2,200,000	\$0.25

(i) Granted during the financial year

Granted during the year ended 30 June 2011

Options - Series	No.	Grant Date	Expiry Date	Exercise Price \$	Fair Value Received \$
Issued 8 Dec 2010	500,000	2/12/10	30/11/11	\$0.25	-
	500,000				

Granted during the year ended 30 June 2010

Options - Series	No.	Grant Date	Expiry Date	Exercise Price \$	Fair Value Received \$
Issued 20 Oct 2009	2,200,000	20/10/09	30/11/11	\$0.25	-
	2,200,000				

(ii) Balance at end of the financial year

Options Series	No.	Vested	Unvested	Grant Date	Expiry Date	Exercise Price \$	Fair value at grant date
Issued 8 Dec 2010	500,000	500,000	-	2/12/10	30/11/11	\$0.25	\$0.0184 per option
Issued 20 Oct 2009	2,200,000	2,200,000	-	20/10/09	30/11/11	\$0.25	\$0.052 per option
	2,700,000	2,700,000	-				

Fair value of consideration received is measured as the nominal value of cash receipts on conversion. The fair value of shares at the date of their issue is measured as the market value at close of trade on the date of their issue. Employee share options carry no rights to dividends and no voting rights. In accordance with the terms of the executive share option plan, options may be exercised at any time from the date the vesting period ends to the date of their expiry.

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from executives and employees is not recognised in the financial statements except for the purposes of determining key management personnel's remunerations in respect of that financial year as disclosed in note 16 to the financial statements. The amounts are disclosed in remuneration in respect of the financial years over which the entitlement was earned.

Consideration received on the exercise of executive options is recognised in contributed equity. During the financial year no options were exercised, hence no amount was recognised in contributed equity arising from the exercise of executive options.

Notes to the Financial Statements (cont'd)

18. RELATED PARTY AND DIRECTORS' DISCLOSURES

a) Transactions with related parties

The loss from ordinary activities before income tax includes the following items of expenses that resulted from transactions other than remuneration with related parties. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

Helix Resources Ltd provided professional services to the value of \$92,687 (2010: \$168,785) payable within 30 days from date of invoice (net of GST). There was no balance outstanding at 30 June 2011. The balance outstanding at 30 June 2010 was \$6,103.

Giralia Resources NL provided professional services to the value of \$97,500 in the previous financial year payable within 30 days from the date of invoice (net of GST). There was no balance outstanding at the end of the current or previous financial year.

During the year the Company raised capital through a share issue to related and other parties that was approved by shareholders at general meeting. The price paid per share was ten cents which was in excess of the seven day volume weighted average price of the Company's shares prior to the announcement of the placement on 22 February 2011.

Related parties that acquired shares under this placement were:

- Mr G Riley acquired 13,650,000 shares upon payment of \$1,365,000 to the Company;
- Mr M Dunbar acquired 1,000,000 shares upon payment of \$100,000 to the Company;
- Mr M Joyce acquired 7,200,000 shares upon payment of \$720,000 to the Company; and
- Mr S Macdonald acquired 10,250,000 shares upon payment of \$1,025,000 to the Company.

b) Key Management Personnels' Equity Holdings

(i) Fully paid ordinary shares issued by Gascoyne Resources Limited

Year ended 30 June 2011

	Balance @ 1/7/10	Granted as remuneration	Received on exercise of options	Net other change	Balance @ 30/6/11	Balance held nominally
	No.	No.	No.	No.	No.	No.
Key Management Personnel						
G Riley	327,559	-	-	13,650,000	13,977,559	-
M Dunbar (appointed 31 Mar 2011)	-	-	-	1,000,000	1,000,000	-
J den Dryver	-	-	-	-	-	-
G Dunbar	136,379	-	-	-	136,379	-
M Joyce (appointed 20 Apr 2011)	-	-	-	7,421,993	7,421,993	-
S Macdonald (appointed 20 Apr 2011)	-	-	-	12,137,878	12,137,878	-
J McNamara (resigned 12 Jan 2011)	31,500	-	-	(31,500)	-	-
E O'Malley (appointed 12 Jan 2011)	-	-	-	-	-	-
Total	495,438	-	-	34,178,371	34,673,809	-

Year ended 30 June 2010

	Balance @ 1/7/09	Granted as remuneration	Received on exercise of options	Net other change	Balance @ 30/6/10	Balance held nominally
	No.	No.	No.	No.	No.	No.
Key Management Personnel						
G Riley	-	-	-	327,559	327,559	-
J den Dryver	-	-	-	-	-	-
G Dunbar	-	-	-	136,379	136,379	-
G J Wheeler (resigned 19 Oct 2009)	-	-	-	-	-	-
J McNamara	-	-	-	31,500	31,500	-
Total	-	-	-	495,438	495,438	-

(ii) Executive Share Options issued by Gascoyne Resources Limited

Year ended 30 June 2011

	Bal @ 1/7/10	Granted as remuneration	Exercised	Other change	Bal @ 30/6/11	Bal vested @ 30/6/11	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
Key Management Personnel									
G Riley	400,000	-	-	-	400,000	400,000	400,000	-	-
M Dunbar	-	500,000	-	-	500,000	500,000	-	500,000	-
J denDryver	400,000	-	-	-	400,000	400,000	400,000	-	-
G Dunbar	750,000	-	-	-	750,000	750,000	750,000	-	-
J McNamara (resigned 12 Jan 2011)	250,000	-	-	-	250,000	250,000	-	250,000	-
G J Wheeler (resigned 19 Oct 2009)	400,000	-	-	-	400,000	400,000	400,000	-	-
Total	2,200,000	500,000	-	-	2,700,000	2,700,000	1,950,000	750,000	-

Notes to the Financial Statements (cont'd)

Year ended 30 June 2010

	Bal @ 1/7/09 No.	Granted as remuneration No.	Exercised No.	Other change No.	Bal @ 30/6/10 No.	Bal vested @ 30/6/10 No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
Key Management Personnel									
G Riley	-	400,000	-	-	400,000	400,000	400,000	-	-
J den Dryver	-	400,000	-	-	400,000	400,000	400,000	-	-
G Dunbar	-	750,000	-	-	750,000	750,000	750,000	-	-
J McNamara	-	250,000	-	-	250,000	250,000	-	250,000	-
G J Wheeler (resigned 19 Oct 2009)	-	400,000	-	-	400,000	400,000	400,000	-	-
Total	-	2,200,000	-	-	2,200,000	2,200,000	1,950,000	250,000	-

Each executive share option converts into 1 ordinary share of Gascoyne Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option.

During the financial year, no executive share options were exercised by key management personnel.

Further details of the options granted during the year are contained in note 16 and 17 to the financial statements.

19. INCOME TAX

	CONSOLIDATED	
	2011 \$	2010 \$
Accounting loss before tax from continuing operations	(382,347)	(2,614,967)
Accounting loss before tax from discontinuing operations	-	-
Accounting loss before tax	(382,347)	(2,614,967)
Reconciliation of Income Tax Expense / (Benefit) to Accounting Loss		
Prima facie tax (benefit) at Australian income tax rate of 30%	(114,704)	(784,490)
Adjusted for tax effect of following:		
- employee incentive options	2,760	34,320
- entertainment	1,016	-
- capital raising costs put to equity	(34,371)	(32,377)
- current year tax losses not recognised in current period	145,299	782,547
Income tax expense / (benefit)	-	-
Statement of Comprehensive Income		
Current income tax charge	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(824,123)	(1,135,783)
Current year tax losses not recognised in the current period	824,123	1,135,783
Income tax expense / (benefit) reported in statement of comprehensive income	-	-
Unrecognised Deferred Tax Balances:		
Deferred tax asset losses	2,887,752	1,918,330
Deferred tax assets other	25,791	6,760
Deferred tax liabilities	(1,985,697)	(1,142,543)
Net Unrecognised deferred tax assets	927,846	782,547

Notes to the Financial Statements (cont'd)

20. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed on the basis it is a mineral exploration company operating in the geographical region of Australia. The mineral assets held via outright are considered one business segment and the minerals currently being targeted include gold and base metals in Western Australia.

21. EARNINGS PER SHARE

	CONSOLIDATED	
	2011 Cents Per share	2010 Cents Per share
Basic loss per share	(0.57)	(4.27)
Diluted loss per share	(0.57)	(4.27)

Basic and Diluted Loss per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	2011 \$	2010 \$
Earnings / (loss) (a)	(382,347)	(2,614,967)

	2011 No.	2010 No.
Weighted average number of ordinary shares (b)	67,286,586	61,149,600

(a) Earnings used in the calculation of basic and diluted loss per share is net loss after tax of \$382,347 (2010: \$2,614,967).

(b) The executive share options are not considered to be potential ordinary shares and are therefore excluded from the weighted average number of shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer (c) below).

(c) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

	2011 No.	2010 No.
Executive options	2,700,000	2,200,000

22. INTEREST IN JOINT VENTURES

The parent entity has not entered into any unincorporated joint ventures.

23. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The Group's exposure to interest rate risk and effective weighted average interest rate for classes of financial assets is set out below:

Floating Interest Rate Maturity						
	Average Interest Rate	Fixed Interest Rate	Less than 1 year	More than 1 Year	Non Interest Bearing	Total
	%	\$	\$	\$	\$	\$

2011

Financial Assets

Other Receivables		-	-	-	202,394	202,394
Cash and cash equivalent assets	6.17%	56,799	4,900,000	-	52	4,956,851
Security deposits and deposits at financial institutions	6.00%	-	50,000	-	-	50,000
		56,799	4,950,000	-	202,446	5,209,245

Financial Liabilities

Trade Payables (all payable within 30 days)		-	-	-	311,435	311,435
		-	-	-	311,435	311,435

2010

Financial Assets

Other Receivables		-	-	-	50,595	50,595
Cash and cash equivalent assets	5.2%	1,379,664	3,000,000	-	-	4,379,664
Security deposits and deposits at financial institutions	6.0%	-	50,000	-	-	50,000
		1,379,664	3,050,000	-	50,595	4,480,259

Financial Liabilities

Trade Payables (all payable within 30 days)		-	-	-	395,929	395,929
		-	-	-	395,929	395,929

None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. The Board is responsible for financial risk management.

Interest Rate Risk

Interest rate risk is managed by investing cash with major financial institutions in both cash on deposit and term deposit accounts.

Interest Rate Risk Sensitivity Analysis

At 30 June 2011, the effect on loss and equity as a result of a 2% increase in the interest rate, with all other variables remaining constant would be a decrease in loss by \$99,146 (2010: \$43,800) and an increase in equity by \$99,146 (2010: \$43,800). The effect on loss and equity as a result of a 2% decrease in the interest rate, with all other variables remaining constant would be an increase in loss by \$99,146 (2010: \$43,800) and a decrease in equity by \$99,146 (2010: \$43,800).

Notes to the Financial Statements (cont'd)

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The Group's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets. If the Group does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangements where exploration is funded by the joint venture partner.

Credit Risk

Credit Risk refers to the risk that counterparty will default on, its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures risk on a fair value basis.

The maximum credit risk on financial assets of the Group which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

24. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

	CONSOLIDATED	
	2011 \$	2010 \$
Provision for employee entitlements:		
Current (Note 9)	43,831	5,225
	No	No
Number of employees at end of financial year	11	4

25. CONTINGENT LIABILITIES

The Company may be required to issue bank guarantees to secure tenement holdings. The Company currently has bank guarantees to the value of \$60,000 to secure a credit card facility and leased premises.

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both houses of Parliament. In addition, as the Group will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

26. REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2011 \$	2010 \$
Auditor of the Parent Entity		
Audit and review of financial report	21,935	20,000
	21,935	20,000

The auditor of Gascoyne Resources Limited is Grant Thornton Audit Pty Ltd.

27. GASCOYNE RESOURCES LIMITED PARENT COMPANY INFORMATION

	CONSOLIDATED	
	2011 \$	2010 \$
Assets		
Current Assets	5,159,245	4,430,259
Non-current Assets	6,754,377	3,935,633
Total Assets	11,913,622	8,365,892
Liabilities		
Current Liabilities	355,266	401,154
Non-current Liabilities	-	-
Total Liabilities	355,266	401,154
Equity		
Issued Capital	14,432,070	10,465,305
Accumulated Losses	(2,997,314)	(2,614,967)
Reserves		
Options Reserve	123,600	114,400
Total Equity	11,558,356	7,964,738
Financial Performance		
Loss for the year	(382,347)	(2,614,967)
Other comprehensive income	-	-
Total Comprehensive Income	(382,347)	(2,614,967)

Notes to the Financial Statements (cont'd)

28. SUBSEQUENT EVENTS

On 15 September 2011 the Group issued 1 million employee options to its employees. The employee options have an exercise price of \$0.40, vest 50% on issue and 50% on 15 September 2012 and have an expiry date of 31 August 2014.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2011 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

ADDITIONAL INFORMATION FOR LISTED COMPANIES

Additional information required by the Australian Securities Exchange Ltd Listing Rules in respect of listed public companies only and not disclosed elsewhere is set out below. This information is supplied as at 27 September 2011.

1. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Registered Office

Level 2, 33 Ord Street
WEST PERTH WA 6005
Tel (08) 9481 3434

Principal Place of Business

Level 2, 33 Ord Street
WEST PERTH WA 6005
Tel (08) 9481 3434

2. ANALYSIS OF SHAREHOLDINGS

Distribution of Shareholders (ASX Code: GCY)

Number of Ordinary Shares Held	Ordinary Shares Number of Holders	Ordinary Shares Number of Shares
1–1,000	561	205,375
1,001–5,000	283	737,818
5,001–10,000	264	2,031,520
10,001–100,000	491	15,156,737
100,001 and over	97	83,018,150
Total	1,696	101,149,600
Number of shareholders holding less than a marketable parcel	677	369,570

3. VOTING RIGHTS

The voting rights attached to each class of equity security are as follows:

Ordinary Shares - One vote for each ordinary share held in accordance with the Company's Constitution.

Options – No voting rights.

4. TWENTY LARGEST SHAREHOLDERS OF QUOTED ORDINARY SHARES

	Shareholder	Number of Ordinary Shares	% of Issued Capital
1	Stanley Macdonald and associated entities	12,137,878	12.00
2	Graham Riley and associated entities	11,327,559	11.20
3	Rodney Joyce and associated entities	7,421,993	7.34
4	HSBC Custody Nominees (Australia) Ltd	6,241,862	6.17
5	Helix Resources Ltd	3,999,999	3.96
6	Giralia Resources NL	3,602,000	3.56
7	James Anthony Giles Christopher	2,530,000	2.50
8	National Nominees Ltd	2,358,261	2.33
9	Breamlea Pty Ltd / Jason Stanley Macdonald	1,825,128	1.80
10	Yandal Investments Pty Ltd	1,821,410	1.80

ADDITIONAL INFORMATION FOR LISTED COMPANIES

4. Twenty Largest Shareholders Of Quoted Ordinary Shares (cont'd)

	Shareholder	Number of Ordinary Shares	% of Issued Capital
11	Rubicon Nominees Pty Ltd	1,584,180	1.57
12	Julian Goldsworthy	1,500,000	1.48
13	JP Morgan Nominees Australia Ltd	1,433,839	1.42
14	AMCIC Giral Holdings B.V.	1,433,272	1.41
15	Struven Nominees Pty Ltd	1,163,883	1.15
16	Michael Dunbar and Jodi Dunbar	1,000,000	0.99
17	Charrington Pty Ltd	1,000,000	0.99
18	Peter Barrett Capp	1,000,000	0.99
19	Gee Vee Pty Ltd	879,028	0.87
20	John Tilbrook	836,940	0.83
	Top 20 Total	65,097,232	64.36

5. ESCROWED SECURITIES

There are 8,022,702 ordinary shares on issue subject to escrow until 11 December 2011.

6. SUBSTANTIAL SHAREHOLDERS

Shareholder	Number of Shares	% of Issued Capital
Stan Macdonald	12,137,878	12.00
Graham Riley	11,327,559	11.20
Mike Joyce	7,421,993	7.34

7. DIRECTORS' INTEREST IN SHARE CAPITAL

Director	Fully Paid Ordinary Shares	Listed Options	Staff Options
Graham Riley	11,327,559	-	400,000
Mike Dunbar	1,000,000	-	500,000
John den Dryver	-	-	400,000
Gordon Dunbar	136,379	-	750,000
Mike Joyce	7,421,993	-	-
Stan Macdonald	12,137,878	-	-
Total	32,023,809	-	2,050,000

8. STATEMENT IN ACCORDANCE WITH ASX LISTING RULE 4.10.19

The Company believes that for the year ended 30 June 2011 it used its cash and assets in a form readily convertible to cash that it held at the time of admission in a way consistent with its business objectives.

TENEMENT SCHEDULE

Tenement	Name	Mineral	Ownership
EL09/1088	Bassit Bore	Gold	100% Gascoyne Resources
EL09/1750	Bassit Bore	Gold	100% Gascoyne Resources
EL09/1751	Bassit Bore	Gold	100% Gascoyne Resources
ELA51/1469	Beebyn West	Gold	100% Gascoyne Resources
EL52/2348	Bustler Well	Gold	100% Gascoyne Resources
EL09/1325	Glenburgh	Gold	100% Gascoyne Resources
EL09/1764	Glenburgh	Gold	100% Gascoyne Resources
ELA09/1865	Glenburgh	Gold	100% Gascoyne Resources
ELA09/1866	Glenburgh	Gold	100% Gascoyne Resources
PLA09/471	Glenburgh	Gold	100% Gascoyne Resources
PLA09/472	Glenburgh	Gold	100% Gascoyne Resources
PLA09/473	Glenburgh	Gold	100% Gascoyne Resources
PLA09/474	Glenburgh	Gold	100% Gascoyne Resources
EL15/1265	Higginsville	Gold	100% Gascoyne Resources
ELA15/1280	Higginsville	Gold	100% Gascoyne Resources
ELA15/1297	Higginsville	Gold	100% Gascoyne Resources
P15/5570	Higginsville	Gold	100% Gascoyne Resources
P15/5571	Higginsville	Gold	100% Gascoyne Resources
P15/5572	Higginsville	Gold	100% Gascoyne Resources
P15/5573	Higginsville	Gold	100% Gascoyne Resources
ELA51/1470	Illagalara Pool	Gold	100% Gascoyne Resources
ELA20/759	Limestone Well	Gold	100% Gascoyne Resources
EL52/2343	Mt James	Gold	100% Gascoyne Resources
ELA58/399	Mt Magnet South	Gold	100% Gascoyne Resources
ELA70/4106	Mullewa	Coal	100% Gascoyne Resources
ELA59/1731	Ningham	Gold	100% Gascoyne Resources
ELA47/2483	Sherlock Bay	Nickel	100% Gascoyne Resources
ELA20/773	Tuckanarra	Gold	100% Gascoyne Resources

Abbreviations and Definitions used in Schedule:

EL Exploration Licence

ELA Exploration Licence Application

P Prospecting Licence

PLA Prospecting Licence Application